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Industrial Development Board

Fourteenth session

SUMMARY RECORD OF THE 3rd MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 27 June 1995, at 10 a.m.

President: Mrs. LAJOUS VARGAS (Mexico)

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The meeting was called to order at 10.20 a.m.

UNIDO POLICY FRAMEWORK — ORGANIZATIONAL AND STAFF STRUCTURE *(continued)* (IDB.14/13, IDB.14/8, chap. IV; IDB.14/CRP.4)

MEDIUM-TERM PLAN, 1996-2001 *(continued)* (IDB.13/19)

1. **Mr. FABIJANSKI** (Poland) thanked the Director-General for his introductory statement and welcomed the new format of the Annual Report. His delegation supported the Director-General's efforts to bring about the major changes required in UNIDO's management and structure under the Yaoundé Declaration. At the twelfth session of the Board, Poland had expressed the intention of assessing UNIDO's performance and determining its policy towards the Organization on the basis of certain criteria, including UNIDO's international credibility, the quality of and demand for its products, the commitment of its staff and its financial situation.

2. In the period between the present session and December 1995, which would be the most critical in UNIDO's history, a well-documented report on the results of the implementation of the reforms should be prepared for Member States. In that regard, his delegation would support steps to establish a detailed list of criteria for measuring the attainment of the objectives set forth in the decisions of the fifth session of the General Conference. It also favoured the preparation of a timetable for the further implementation of those objectives. Any unnecessary extension of the reform objectives should be avoided. The task of the Secretariat was difficult in the present international climate — recently the very *raison d'être* of the Organization had been questioned. His delegation believed that the final assessment of the need for UNIDO to exist should be made by its own governing bodies.

3. He welcomed the Director-General's proposals for improving UNIDO programmes (IDB.14/13). His delegation noted the intention to outline further work on priority objectives envisaged in the context of the draft programme and budget for 1996-1997. Some prioritization was already evident in the draft, although blurred by the traditional structure of the budget. Selecting seven programmatic themes for activities in 1996-1997 was an important step towards strengthening UNIDO's focus. His delegation would like more information about the implementation mechanisms and the involvement of different organizational units.

4. His delegation generally approved the geographical focus of the Organization's work and it noted the intention to increase the share of those countries in UNIDO's total technical cooperation delivery at the regional and country levels. The formulation of paragraph 17 of the Director-General's proposals left much scope for activities relating to the economies in transition of Central and Eastern Europe. The proposals concerning the regional focus of UNIDO's activities submitted by Japan to the Programme and Budget Committee at its eleventh session had much to recommend them, for example the application of graduation to technical cooperation services, and should be given appropriate consideration.

5. His delegation realized that the complexity of the sectoral focus of UNIDO's activities explained to some degree the fact that subsectoral prioritization was still a task for 1996-1997. It agreed that the selection of subsectors should be closely linked to the seven programmatic themes described in the Director-General's proposals. Theme 1 was of paramount importance for the developing countries. He hoped that the services of UNIDO would not duplicate the work of other organizations promoting enhanced competitiveness. Services related to the theme of environment and energy also required careful cooperation with other organizations. Poland welcomed the fact that small and medium enterprise development, quality management, enterprise restructuring and rehabilitation and investment promotion were among UNIDO's priorities.

6. In conclusion, he stressed the paramount importance of the implementation process and its mechanisms. His delegation found the criteria for project selection enumerated in paragraph 163 of the Director-General's proposals satisfactory. It hoped that the contradiction between increased objectivity in screening proposals or requests for UNIDO activities and maximum project cycle efficiency would be systematically lessened.

7. **Mr. EZZAT** (Egypt) expressed his delegation's approval of document IDB.14/13, and in particular paragraphs 166 and 167, which responded to the requests made by his delegation at the ninth and tenth sessions of the Board. Before the next session of the General Conference it was necessary to clarify the criteria on which the priorities for certain subsectors were based and the relationship between geographical priorities and the budget for 1996-1997, especially with respect to the human resources allocated to the Industrial Development Decade for Africa.

8. Member States should have an opportunity to voice their views at the present session of the Board on the recent developments in UNIDO's financial situation. He

endorsed the statements made on behalf of the Group of 77, the African Group and the European Union on the need for Member States to meet the commitments set forth in the Yaoundé Declaration. All Member States must pay their assessments promptly to enable UNIDO to continue to carry out its tasks.

9. He supported the request by the Polish representative for a full report on the reform process in UNIDO.

10. **Mr. HOBEICA** (Lebanon) congratulated the Director-General on his introductory statement and expressed his delegation's support for the action which the Director-General proposed to take. UNIDO was providing an essential service to developing countries, since industrialization was vital for lasting development. It was therefore important to strengthen the Organization by every means available.

11. Document IDB.14/13 explained the efforts made by UNIDO to spell out the geographical, sectoral and thematic dimensions of its activities in relation to the process of reform. His delegation welcomed the change in the Organization's focus from public enterprises to small and medium-sized enterprises. It agreed with the Director-General on the need for the private sector to play a permanent part in industrialization through foreign investment and on the need for full cooperation between the developed and the developing countries. With regard to the sectoral aspect of UNIDO's programmes, his delegation stressed the importance of providing assistance in the management of toxic waste in developing countries, and of placing emphasis on proper water management and the prevention of pollution. That was a subject of particular concern in the Middle East, which suffered from a permanent shortage of drinking water. In conclusion, he drew attention to the importance of UNIDO's work on the promotion of investment and technology.

12. **Mr. VELAZCO SAN JOSE** (Cuba) stressed the importance of the present session of the Board, which was taking place at a time when the future of UNIDO — the only United Nations body which sought to reduce the imbalance in world industrial development — was being questioned. Yet the situation of the developing countries was that resources, funding and access to new technology were still distributed inequitably. His delegation therefore resolutely supported UNIDO and was confident that it would continue to help achieve the aims for which it was set up.

13. His delegation approved the geographical, sectoral and thematic approach to UNIDO's work set out in the Director-General's proposals (IDB.14/13). It was more necessary than ever for the Organization to concentrate on the industrialization of countries which needed that most and, in doing so, adhere to its sectoral and thematic priorities.

14. With regard to UNIDO's financial situation, his delegation believed that the allotment of resources to programmes should be selective and that a reserve fund should be constituted from savings made in 1995, to be used in the next budget period if necessary. It also favoured the temporary suspension of regulations 4.2(b) and (c) of the financial regulations in order to allow use to be made of the unutilized balances from the 1992-1993 budget. With respect to the Director-General's proposals for the medium-term plan, 1996-2001 (IDB.13/19), his delegation endorsed conclusion 94/6 adopted by the Programme and Budget Committee at its tenth session.

15. Referring to the Halifax meeting of the Group of Seven, he believed that all countries saw the need for far-reaching changes in the United Nations system. His delegation welcomed the fact that UNIDO had been one of the first organizations in the system to initiate that process. It did not agree that UNIDO's role should alter in the light of current challenges and he therefore endorsed the statement of principle made on behalf of the Latin American and Caribbean Group the previous day. In conclusion, he expressed his Government's satisfaction at the results of the recent visit to Cuba by the Director-General.

16. **Mrs. SPILLMANN-STEIB** (Switzerland), commenting on document IDB.14/13, said that her delegation believed that the reform process was on the right path but should proceed faster. Three priorities had been agreed upon at the fifth session of the General Conference, whereas the document listed seven programmatic themes. Although the document indicated different degrees of priority, the list contained many activities that were not directly linked to the development objectives that had been formulated. In her delegation's view, priorities should be selected carefully in relation to UNIDO's advantages compared with those of other multilateral institutions. For example, in connection with theme 1, the document mentioned that UNIDO would conduct subsectoral studies of the impact of trade liberalization on patterns of competitiveness. In her delegation's view, activities of that kind should be undertaken by the United Nations Conference on Trade and Development or the World Trade Organization. UNIDO should concentrate on investment promotion, the transfer of technology and environment and energy programmes, in order to further the objectives of poverty alleviation, industrial development and the development of the private sector. The document did not make the case for UNIDO's role as against that of other multilateral organizations. To avoid duplication and

achieve a rational division of labour among them, her delegation would welcome a clear statement of UNIDO's true role so that the General Conference could take the appropriate steps in the matter.

17. Her delegation was prepared to participate in discussions aimed at finding a solution to the budgetary problem. It believed that international organizations would be best served if its members paid their dues fully and on time. The sixth session of the General Conference would be a turning-point for the Organization and the present session of the Board would be crucial for its success. The Board could be assured of her delegation's commitment to the Yaoundé Declaration and its support for the process of reform.

18. **Mr. AARDAL** (Norway) thanked the Director-General for his introductory statement. His Government supported the process of reform and would like it to be continued and intensified. The question of the reform of the United Nations system had been of central importance to his country for some time, as shown by the Nordic reform project launched some months previously. He endorsed the statement made by the representative of France on behalf of the European Union and noted with concern the statement made by the United States representative. The reasons for the attitude of the United States were understandable but in the long term it might damage the credibility of collective action in the United Nations. His delegation would take the United States message home to its colleagues working on other aspects of the United Nations system, since it might have an impact on the question of financing United Nations activities. The stand of the United States would doubtless raise the question of burden-sharing, an issue referred to by his Government and others in the United Nations itself. His delegation looked forward to the discussions which would take place at the sixth session of the General Conference. The session would be crucial to the future of UNIDO.

19. **Mr. CURIA** (Argentina) thanked the Director-General for his introductory statement, which set out the lines for the Board's discussion at the present session. With respect to the reform process, he urged Member States to show political will and make clear commitments to UNIDO. There was no room for ambiguity on that subject. His delegation endorsed the statements made on behalf of the Latin American and Caribbean Group and the Group of 77.

20. In the past two years UNIDO had been facing a series of problems, culminating in the present financial crisis. His delegation believed in the reform process and approved the idea of promoting industrialization at any stage of development. It endorsed the prioritization and sectoral and thematic focus of the Organization's activities, as well as the seven programmatic themes set out in document IDB.14/13. It also welcomed the initiative of engaging an outside consultant to provide an independent assessment of UNIDO's reforms. In conclusion, he endorsed the remarks of the Japanese and Swiss representatives concerning the need for assessed contribution to be paid promptly.

21. **Mr. ARGÜELLO HURTADO** (Nicaragua) approved the conceptual framework for UNIDO's activities, their geographical, sectoral and thematic foci and the examination of the reform process set forth in the Director-General's proposals (IDB.14/13). He earnestly hoped that the Secretariat would continue to enhance the efficiency of the services on offer and make good its promise to improve programmes.

22. With regard to the current crisis of the Organization, some representatives believed that it reflected the split in the United Nations between rich and poor, between organizations of interest to the industrialized countries and organizations that were expendable. In that context it should be realized that no country could be forced to belong to a particular body or to pay its contributions. Basically, United Nations agencies were voluntary groupings. Consequently, the Director-General had to make use of all available means of negotiating with donor countries in order to meet their desire for reform and thus induce them to continue to offer UNIDO their political and economic support.

23. It was generally agreed that an industrial promotion organization was needed; whether or not UNIDO fulfilled that role was the question. Some countries were resorting to the pretext of budgetary and political problems in order to withdraw their support from the Organization. The report of the Commission on Global Governance, which should not be taken lightly, did not deny the need for a trade and industrial production promotion organization; what it maintained was that UNIDO, as originally conceived, was no longer suited to the needs of the least developed countries — a pronouncement that did not amount to the Organization's death sentence. As long as no alternative could be discerned on the horizon, possibly in the form of an economic security council, UNIDO's existence continued to be justified. His own country could bear witness to the value of a well-qualified UNIDO expert. Indeed, some of its experts had very quickly risen to be ministerial advisers. Therefore the reform process should be carried forward with imagination and diligence, leading eventually to a new vision for a changing world.

24. **Mr. ARCILLA** (Philippines) said that the proposals by the Director-General in document IDB.14/13 indicated clearly the directions in which UNIDO should move and responded well to the

requirements of developing countries. The synoptic review of the reform process of UNIDO (IDB.14/CRP.4) included a section on how the reforms were to be evaluated and the progress indicators whereby the evaluation would proceed. The document lacked information on how the criteria would actually operate in the evaluation process; it was simply a list of topics that were to be addressed. The relative significance of each of the criteria must be determined. The focusing of UNIDO's services, and how that was reflected in benefits for Member States, was of extreme importance to developing countries. They were concerned about management practices, especially in respect of technical cooperation and finances, and placed much value on transparency in the Organization's work.

25. The use of a set of criteria to measure the reform process at various stages was essential. Unfortunately stocktaking of that kind, rather than a way of measuring real achievement, seemed to constitute a response to a concerted effort in some quarters to reassess UNIDO's so-called role, which was merely a euphemism for its existence. That advanced countries should be hesitant to assist the industrialization of least developed and other developing countries was incomprehensible, and that UNIDO should be confronted by financial uncertainties triggered by the obscure stance of the United States on its financial contributions was disheartening. The vagaries of domestic politics had affected the stance of other Governments on legal commitments, yet legal commitments they remained. As a developing country with meagre resources, the Philippines saw much value in multilateral cooperation and the instruments by which it was achieved. It therefore aimed to sustain its obligations and commitments, albeit with difficulty. It would pay its full contributions to the regular budget and the Industrial Development Fund for 1995 and hoped that other countries would do likewise.

26. With regard to the planned hiring of an international consultancy firm to conduct an independent evaluation of UNIDO, his delegation could see the value of an autonomous entity looking at all aspects of the Organization's work. The Board should exercise caution, however, in approving that course of action, given its financial implications. His delegation expected the Director-General to keep his promise regarding participation in the evaluation and the transparency of the results.

27. In regard to personnel matters, he reiterated his delegation's insistence on the need for balanced geographical representation in the Secretariat, particularly in senior posts.

28. **Mr. DE MARIA Y CAMPOS** (Director-General) expressed his satisfaction with the debate, in which the fundamental role of industrialization for the developing countries had been widely recognized, the need for industrial cooperation had been stressed and UNIDO's unique contribution to industrialization had been acknowledged. The Organization had undertaken a reform process without precedent. Indeed, a book recently published on utopias and the reform of the United Nations had used the case of UNIDO as its first example of a United Nations agency which had initiated and undertaken far-reaching reforms. It was important, though, to conceive such reforms within their proper context, namely as a means for more efficiently serving the developing countries in focused areas of assistance. At times he had the feeling that some Member States wished to cut that very capacity for assistance or even the assistance itself. Admittedly, all Member States had their own budgetary problems, constraining their ability to finance multilateral assistance. However, as had recently been noted, even various small African countries had paid their assessed contribution in spite of severe economic difficulties.

29. The representative of the United States had indicated his Government's intention to withhold payment of part of its assessed contribution. Although arrears would have to be paid by all countries concerned, it was very difficult for UNIDO to work under such major uncertainties. He therefore urged the United States to clarify its position with regard to UNIDO. He — and everyone else — certainly hoped that the United States would remain in UNIDO and every effort was being made to ensure that. It was of utmost importance that the United States continued to play its role in the Organization. Other Member States were therefore asked to express their support on that matter and for UNIDO in general and to make their views known at the highest level of the United States Government. In the same vein, he had himself met representatives of the Group of Seven prior to the Halifax meeting.

30. The United Nations in general and UNIDO in particular were not just an idea. They constituted the total joint efforts not only of the secretariat(s) concerned but also — and mainly — of all the Member States. The responsibility could not be placed only on the UNIDO Secretariat for proceeding with the implementation of the reform and programmes. It was the membership itself that bore the main responsibility. The Board should therefore at its present session clearly express its message to and support for the Secretariat. The Board was being asked to adopt the Programme and Budget for 1996-1997 for transmission to the General Conference. That notwithstanding, he would within that framework prepare contingency and realistic expenditure plans as

required. He needed, however, to be informed of the expected developments as rapidly and clearly as possible.

31. It was heartening to note that Member States fully appreciated the vigour with which UNIDO had reformed its structure and priorities. The Organization was in the vanguard of the reform process that was sweeping the United Nations system. He was determined to proceed swiftly with the steps that still remained, in a fully transparent manner and keeping Member States' permanent missions informed at every stage. A comprehensive summary of the impact of the reforms would be placed before the General Conference at its sixth session. He fully agreed with those representatives who had stated that it was the prerogative of Member States to evaluate the achievements of UNIDO. In that connection he welcomed the call made at Halifax to "consider the role of UNIDO in light of evolving challenges". He had given many examples of what the Organization was doing to meet present challenges and anticipate future industrial trends.

32. Turning to more specific issues, he recalled that the representative of France, speaking on behalf of the European Union, had addressed the mater of reporting to the General Conference at its sixth session on the impact of the reform process. On its own initiative the Secretariat had elaborated a range of indicators, one example of which related to measurable changes in the composition of projects in terms of thematic, geographical and subsectoral coverage as well as categories of clients and counterparts. A second example concerned the impact of UNIDO's enhanced quality assurance system on actual project design.

33. The representative of Chile had made some specific comments on the need to review experience on the new project design guidelines. The Secretariat was at present working on that issue and would present a paper before the sixth session of the General Conference.

34. The representatives of Nigeria and Egypt had expressed concern about the subsectoral focus of UNIDO, which was a highly complex issue. On the basis of UNIDO's assessments of overall demand and of UNIDO's own special capabilities in the context of activities undertaken by other entities in that field, the Secretariat had highlighted the subsectors on which main efforts and staff resources should be concentrated. Thereby, subsector criteria such as employment, technical innovation, the satisfaction of basic needs and export possibilities were taken into account. Also in other cases, though, assistance would be arranged, especially on broad issues such as environment, science and technology and investment promotion.

35. The representative of the Russian Federation had brought up the question of recruitment and geographical representation, referring in particular to the 12 cases mentioned in paragraph 31 of the Secretariat's report on personnel matters (IDB.14/8). Of those, six were from under- or unrepresented countries, while in the other cases the principle of geographical balance had been taken into account but could not finally be put into practice. It often happened that candidates from underrepresented countries were not available for a particular post. Every case had been carefully reviewed, but eventually candidates from countries within a reasonable range of representation had been recruited, with the single exception of a female candidate who had been promoted internally. In the last analysis, recruitment decisions had to be taken on the basis of the principles of effectiveness and serving the needs of Member States. A review of the recruitment process had recently been carried out, as it should be shorter, with vacancy notices being posted earlier in order to elicit a better response from capitals.

36. He had taken note of the comments made by the representative of the Philippines.

37. Finally, he expressed his appreciation to all representatives who had stated that UNIDO was on the right path. The representative of Japan and those of some other advanced countries had recognized that UNIDO was at the forefront of reform and that penalizing it would stifle reform elsewhere in the United Nations system. The Secretariat, with all its limitations, had done its utmost. Financial support from Member States had however not come up to expectations. Success depended on the availability of resources; the Secretariat could not perform miracles. There had to be transparency and accountability not only on the part of the Secretariat, but also on the part of Member States themselves. In conclusion he thanked in particular the Group of 77 and the Latin American and Caribbean, African and Asian Groups for their expressions of support.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1994 ON THE ACTIVITIES OF THE ORGANIZATION, INCLUDING PROGRESS REPORT ON SPECIFIC ACTIVITIES (IDB.14/10, IDB.14/10/Add.1 and Corr.1, IDB.14/10/Add.2 and Corr.1, IDB.14/10/Add.3; IDB.14/CRP.5)

UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1994 (IDB.14/14; IDB.14/CRP.1)

38. **Mr. DE MARIA Y CAMPOS** (Director-General), introducing agenda items 5 and 6, said the relevant

documentation showed that progress by UNIDO in reforming its technical cooperation activities was being carefully monitored. His report on technical cooperation activities (IDB.14/14), for example, provided information on measures to improve the quality of technical cooperation and on implementation of the guidelines for the service management process. The impact of the reforms would be clearly visible in the 1996-1997 biennium.

39. The further globalization and international competitive challenges in industry, the GATT agreement and the implementation of structural adjustment programmes had created pressure on countries to redefine their industrial strategies. Countries, particularly in Africa, expected to receive support in that endeavour from UNIDO. Palestine, Viet Nam, Kenya and Nicaragua, for example, were being given assistance in formulating their industrial development strategies. Valuable financial and other support had been received for those programmes, also from such countries as the Republic of Korea and Saudi Arabia.

40. The Organization was increasingly dealing with new issues such as privatization and restructuring. Regarding environment, it was not only responding to problems of environmental pollution but also seeking to assist countries in preventing them. Projects existed in several developing countries and economies in transition to create clean technology centres. Valuable contributions had been received from the United Kingdom, the Netherlands and Italy to support the new emphasis on small- and medium-scale industries. Numerous projects were being carried out in an area of great concern to developing countries, namely, improvement of competitiveness. The demand for such services was huge.

41. The Organization had been adopting a different, more proactive approach in respect of investment promotion. In addition to traditional activities consisting in bringing together potential partners around project proposals in investment forums and through the work of the Investment Promotion Offices, UNIDO had sharpened its competitive edge by providing its clients with a comprehensive range of related services, uniquely packaged to cover the various needs of investment negotiations. He went on to say that an investment promotion forum would be held in October 1995 in Jordan. UNIDO's neutral role, networking capability and integrated approach thus enabled it to better serve the world community as compared to other organizations.

42. Members of the Secretariat would now deal by way of introduction with specific issues falling under agenda items 5 and 6.

43. **Mr. PISKOUNOV** (Managing Director, Human Resource, Enterprise and Private Sector Development Division) said that the Division covered most of UNIDO's priority activities and key services to Member States. In 1994 it had carried out 255 projects totalling US$ 22.5 million; it planned to implement approximately 350 projects in 1995. The geography of its activities was changing radically, with projects for technical assistance to least developed countries in Africa, projects for economies in transition and subregional and regional projects all on the rise. Projects were increasingly interdisciplinary. New opportunities for cooperation within the Division and with other divisions were being sought, in full conformity with the desiderata expressed by Member States and the Director-General.

44. The topics addressed by a number of the Division's units had been fundamentally realigned in past months. The Institutional Support and Private Sector Development Branch now focused on regional industrial development, institutional support for the private sector and recommendations on industrial policy and strategies. As part of that work, the Division had developed the concept of core services in which UNIDO had substantive advantages over other organizations and agencies; they included industrial policy advice and implementation, support for regional development, the restructuring of government agencies, promotion of business organizations and the establishment and management of export processing zones. Fifty related project requests had been received.

45. The Enterprise Development and Restructuring Branch had also been radically reoriented. Three interrelated programmes had been identified for enhancing the competitiveness of industrial enterprises: restructuring, privatization, and standardization and quality control. Account was being taken of social aspects of the post-privatization period, including the training and retraining of personnel.

46. In the work of the Small and Medium Enterprises Branch, the main areas of assistance were small and medium-scale enterprise (SME) strategies, policies and programmes, SME support systems, including business incubation systems, the organization and development of subsectoral SME clusters and the contribution of SMEs to rural development. Over 70 related projects had been carried out by the Branch.

47. The Human Resource Development Branch was undergoing the most far-reaching changes of all, determined by the evaluation of the training programme, the proposals of Member States and the desire to make the best possible use of new techniques

and contemporary technology. In the Branch's future work, stress would be laid on analysing the needs of Member States, enhancing the potential of national institutions and creating a broad network of training centres. UNIDO's cooperation with other agencies, including UNESCO and the ILO, would play a major role in those efforts.

48. **Ms. TCHEKNAVORIAN-ASENBAUER** (Managing Director, Industrial Sectors and Environment Division) said that steps had been taken in the past year to change the Division's outlook, improve its performance and focus increasingly on its delivery system. The results were attested to by the increasing number of requests from Member States for the Division's services.

49. The drastic reduction in 1994 in the financial support given by UNDP to UNIDO's technical cooperation programme had meant that the number of projects financed by UNDP had fallen from 446 in 1993 to 266. However, the Division had succeeded in attracting financing for its services from other funding sources such as the Montreal Protocol, GEF and Agenda 21. Consequently, no projects had been lost in 1994 and the previous level of 755 had been maintained. In addition 250 projects prepared for implementation in 1995 had been reviewed and accepted. In 1994 technical cooperation delivery had amounted to US$ 44 million; the target for 1995 was US$ 60 million and for 1996 US$ 80 million. In the past, most of the Division's programme had been concentrated in a number of Asian countries; currently there were 100 Member States with which the Division had regular contact. The target beneficiaries of the Division's programmes had also changed from the institution to the enterprise level.

50. The Division looked forward to the new challenges presented by the globalization of trade. It was planning a programme to enable exporting countries to maintain their export levels by making management more competitive and taking account of environmental considerations. The Division also recognized the need to transfer current technologies to meet the requirements of tomorrow's trade. UNIDO had more and more established a direct dialogue with companies and research and development institutions on technology transfer issues.

51. Due to the specific sectoral knowledge of the Division, it had been able to address real environmental problems of various industrial sectors. Its experience in industrial operations had made it possible for the Division to take up a new role, namely the implementation of industry-related components of international conventions. In that framework, UNIDO's work had recently been recognized within the United Nations system in connection with Agenda 21, where UNIDO was not only facilitating the transformation of industry, but also assisting Governments in discharging their responsibilities *vis-à-vis* the various conventions. Another recent example where UNIDO's initiative had made a difference was the Convention on Climate Change. Despite the fact that industrial aspects had originally not been included in the preparations, the course had been changed due to UNIDO's intervention. The Group of 77 had requested UNIDO to prepare a study in that connection and advise the Group on the elaboration of the Convention. Other upcoming conventions in which UNIDO was working together with governments were the forestry convention, the biodiversity convention and the Basel convention. UNIDO had paid due attention to the System-Wide Action Plan on Drug Abuse Control, concluding a memorandum of understanding with the United Nations International Drug Control Programme (UNDCP) in October 1994. It had become a major collaborator with UNDCP in activities in Bolivia linked to agro-industry and rural development. A final example of the value ascribed to UNIDO's services was the reliance placed on the Organization by UNDP in the formulation and implementation of projects under the Global Environment Facility.

52. **Mr. VENKATARAMAN** (Managing Director, Investment and Technology Promotion Division) said there was an increasing demand for technical cooperation activities, increasing diversification of sources of funding, with projects amounting to some $32 million each year, and an increasing call from developing countries for Investment Promotion Service Offices. Host Governments were encouraged to provide resources for such offices on a continuous basis for at least three years. The demand for investment forums and Techmarts had also increased significantly. The Techmart held in India in 1995 had been an innovation, combining both investment and technology, and at least a dozen Techmart requests were in different stages of processing. A similar number of requests was being processed for investment forums. Training programmes for project preparation and appraisal, as well as for negotiation and acquisition of technology, were in great demand and had to be met from different funding sources. The demand for the preparation of feasibility studies had been consistent and some US$ 6 million of related projects were implemented each year. A new generation of software for computer-assisted feasibility studies making use of the UNIDO Computer Model for Feasibility Analysis and Reporting (COMFAR) had been introduced, with the relevant revolving funds maintaining a level of US$ 1 million.

53. With regard to the International Centre for Science and High Technology, the Government of Italy,

as of 1995, would provide 7 billion lire each year, equivalent to some US$ 4 million. The Government of India would make a trust fund contribution for a feasibility study for a possible international centre for the advancement of manufacturing technology, and the Republic of Korea would make a trust fund contribution for a technical cooperation programme directed towards the possible establishment of an international centre for testing and evaluating new materials. International programmes on the revitalization of industrial research institutions and technology management had been launched. An encouraging development with regard to solar energy applications lay in the requests to establish centres for solar energy applications in addition to the one already functioning in Australia. UNIDO had been invited to play an important part in the solar initiative which the World Bank had recently promoted.

54. To promote the commercialization of biotechnology, consideration was being given to establishing a biotechnology business advisory council and projects in capacity-building for biodiversity exploitation had been presented to the Global Environment Facility.

55. The Industrial Cooperation and Consultations Service, including the ECDC/TCDC unit, continued to be fertile ground for opening up technical cooperation possibilities and had promoted new types of partnerships. Two recent developments were projects for cooperation in the dairy industry between Brazil and Africa and a programme of cooperation with municipalities in the exchange of experience and assistance related to urban industrial development.

56. **Ms. KING-AKERELE** (Managing Director, Country Strategy and Programme Development Division), dealing with UNIDO's contribution to international efforts to mitigate the consequences of the Chernobyl accident (IDB.14/10/Add.3, chap. I) said that its activities within the framework of the Inter-Agency Task Force for Chernobyl had been expanded in November 1993 to participation in the Quadripartite Committee for Coordination on Chernobyl. In addition, UNIDO's industrial survey of Belarus, the country most affected by the catastrophe, had been completed in 1994, having been financed from the regular budget. Two of the survey's 19 project proposals — for baby food production and a regional development agency in the Gomel region — had attracted the interest of the European Bank for Reconstruction and Development and the European Union — through its programme known as Technical Assistance for the Confederation of Independent States of the Former Soviet Union (TACIS) — respectively. UNIDO had drafted project documents for similar industrial surveys in the Russian Federation and Ukraine, but their implementation was pending due to lack of funds, a situation which had also hampered its follow-up of the baby food and Gomel proposals. The survey's recommendations could be promoted not only by the Organization but also by the Government of Belarus itself, as well as by the donor community, and in particular TACIS, EBRD, the World Bank and individual donor countries. The Government of Belarus was being encouraged to consider its cost-sharing contribution to the implementation of the projects.

57. UNIDO had advised the United Nations Coordinator for Chernobyl of its willingness to participate in an overview of the international programmes connected with the tenth anniversary of the Chernobyl accident in 1996, and looked forward to making its contribution to that event through extended technical cooperation programmes in the areas most affected by the catastrophe. To that end, the Board might wish to invite donor Governments and organizations to provide financial support for the proposed priority projects identified by UNIDO in cooperation with the Governments of Belarus, the Russian Federation and Ukraine.

58. On the integration of women in industrial development (IDB.14/10/Add.3, chap. III), she said that the integration of gender considerations into all the Organization's activities and promotion of the fuller participation of women in industry were the foundation of UNIDO's programme for the integration of women in industrial development. Considerable progress had been made in that respect in areas such as education and health, but much remained to be done to enhance the economic role of women, and in particular their participation in industrial development on a more equal footing with men.

59. UNIDO's programme gave special attention to providing technical advisory services to governments on mechanisms for the integration of women in development. She emphasized the value of attaching national experts on the subject to the industrial sector review missions to 14 African countries carried out by UNIDO in late 1994. Special attention had also been given to assistance to women entrepreneurs in selected subsectors of industry and to enhancing the technical and managerial skills of women entrepreneurs and managers. As part of the preparations for the Fourth World Conference on Women to be held in Beijing in September 1995, the Organization had completed five comprehensive regional analyses on the participation of women in manufacturing, as well as participating in all the five regional preparatory meetings and making substantive contributions, at the last session of the Commission on the Status of Women, to the drafting of a platform for action. The UNIDO internal task force on the preparations for the Beijing Conference was currently finalizing

arrangements for the participation of the Organization in the various activities of the Conference.

60. **Mr. DASQUE** (France), speaking on behalf of the European Union, said that although the presentation of the annual report and its addenda was much better than in the past, demonstrating progress in the Organization's communication policy, the report was still limited to a description of the activities relating to each of UNIDO's development objectives, with no clear indication of the links between them. It was important to know clearly how the activities described in detail in the report were combined to create a synergetic effect that would both enhance their impact and reduce costs through the sharing of experience, tools and procedures. The Secretariat should continue its efforts to improve the context of the report and provide a more dynamic presentation of its work.

61. The information contained in the interim programme performance report for the biennium 1994-1995 (IDB.14/10/Add.1 and Corr.1) on the programmatic aspect of the Organization's activities caused the European Union concern. According to the Guidelines for the Management of UNIDO Services (UNIDO/DG/B.177), those services were to be elaborated on the basis of a programming framework based on country support strategies, country programming briefs and subsectoral and thematic programming frameworks. The report to the Board should therefore contain information on all those subjects, yet it mentioned only country support strategies. Furthermore, its statistics indicated that out of the 35 strategy papers planned, 20 were in the process of preparation and only one had been completed, which was not the sign of a firm commitment to reform. The country programming briefs on each country for which the Organization provided or intended to provide services should have been available by the end of October 1994, but nine months later very little progress appeared to have been made in producing them. In 1994 UNIDO had followed up some 1,400 technical cooperation projects, carried out over 900 study or fellowship missions and organized 80 seminars or expert meetings. In order that those activities might be incorporated coherently in the strategy of the Organization, it was essential that they should be preceded by rigorous programming. The European Union therefore urged the Secretariat to attach the greatest importance to the complete and rapid preparation of the various programme documents, by country and by sector, on which the services provided by UNIDO needed to be based.

62. **Mr. KOUAME** (Côte d'Ivoire) said that the link between social and economic development as a whole and successful industrial development had been emphasized by the 1995 World Summit for Social Development, which had urged the international community to promote industrial development. UNIDO, in accordance with its Constitution, had pursued that objective since its foundation, providing technical assistance to Member States to enable them to achieve their industrialization, while taking into account all its socio-economic aspects. His Government therefore welcomed the contents of the 1994 annual report.

63. Although Côte d'Ivoire had been severely affected by the world economic crisis, in recent years its various internal adjustment measures and changes in the parity of the CFA franc had opened up prospects for strong and sound growth. In 1994, for the first time for many years, there had been growth — of 1.7 per cent — and growth rate targets of 6.5 per cent had been set for 1995 with at least 10 per cent by the year 2000. To achieve those levels, the Government intended to focus its action on the agricultural sector, where emphasis would be placed on consolidation of traditional production, development of non-traditional agricultural exports, promotion of livestock breeding and expansion of agro-industry through local processing. It would also concentrate on the mining and energy sectors by exploiting oil, natural gas, gold, manganese and nickel deposits, and on the services sector, in which his country could play a predominant role in the subregion by promoting tourism, developing telecommunications and consolidating its key position in transport. The expansion of those various sectors should stimulate exports and considerably increase the country's revenue. To achieve its goals, Côte d'Ivoire needed the assistance of organizations such as UNIDO, with its vast experience acquired through many years of service to the developing countries.

64. Having benefited from the Organization's expertise through numerous projects, including assistance with the country's industrialization framework, his Government had every regard for the quality of UNIDO's services. It would welcome further technical assistance in order to enable it to achieve an adequate level of agro-based industrialization. His delegation reaffirmed its support for the current programme of reforms in UNIDO, based on the aims set forth in the Yaoundé Declaration, and called for the implementation, in its entirety, of the programme for the Second Industrial Development Decade for Africa with a view to the countries of that continent joining the ranks of the wealthy countries. It was regrettable that some countries had chosen the fiftieth anniversary of the United Nations to consider cutting back their financial support for UNIDO, thereby imperilling the very existence of the Organization. His delegation hoped that those countries would reconsider their position in the interests of greater solidarity among nations.

The meeting rose at 1 p.m.